



February 13, 2020

Joint Ways and Means Subcommittee on Capital Construction

Attention: Co-Chair Girod, Co-Chair Holvey, and Members of the Committee.

We, along with other affordable housing providers, support the HB 5201, the Speaker's request for funding the estimated \$20 million in Lottery Backed Bonds for the Preservation of federally assisted projects across the state of Oregon.

Since 1989, Chrisman Development has been a leader in the development, rehabilitation, and management of affordable housing projects serving low income families, seniors, the disabled, and the chronically mentally ill. Chrisman Development has developed or rehabilitated 51 affordable housing projects, representing a total of 1,600+ units with total project costs exceeding \$180,000,000.

Chrisman Development takes significant pride in the success of the numerous projects it has developed. With a particular focus on USDA Rural Development properties, Chrisman Development has specialized in the acquisition and rehabilitation of existing federally subsidized affordable housing projects. Moreover, Chrisman Development has been the Oregon leader in preservation of USDA Rural Development properties with federal project based rental assistance, focusing on multi-project consolidations.

In 2011, Chrisman Development acquired and preserved a portfolio of five USDA Rural Development properties, for a total of 239 units utilizing approximately \$10M in Lottery Backed Bonds. The concept of multi-project consolidations provides for the preservation of more units at one time; with a common form of financing, several costs are spread among the projects, and there are some economies of scale.

We are currently working on a portfolio of four Rural Development projects locate in Tillamook, Heppner, Newberg and McMinnville, for a total of 122 units. The project has a reservation of \$8.3M in Lottery Backed Bonds. We anticipate closing this project and begin rehabilitation activities in July of this year. The preservation of these projects will preserve 102 units of federal project-based rental assistance.

Chrisman Development currently has 15 Rural Development and Section 8 projects, 602 units, in the pipeline for future preservation. With additional resources available from Oregon Housing and Community Services for preservation of federally assisted projects, in particular the Housing

Preservation Funds, (Lottery Backed Bond), the opportunity to obtain financing and preserve these projects could be done within 2-4 years, versus submitting 1-3 projects at a time through the Department's competitive Low-Income Housing Tax Credit program and taking 5-7 years. The longer it takes to preserve these projects, the likely it is for owners to opt out of the federal assistance contracts and convert these projects to market rate.

There continues to be a need to preserve both HUD Section 8 and USDA Rural Development properties, especially those with project-based rental assistance. With a thriving real estate market, more owners will consider opting out of these federal programs and selling their projects in the open market, thereby, eliminating the project-based rental assistance that is so valuable, and that the State of Oregon just cannot replicate.

In addition, the majority of residents in these properties have incomes at or below 50% of Area Median Income, with a high percentage at or below 30% of AMI. The value of the rental assistance is the difference between a decent, safe, affordable place to live and homelessness.

Again, we urge you to consider the Speaker's proposal for \$20M in Lottery Backed Bonds for the preservation of federally assisted properties in Oregon. If funded, we would also strongly encourage Oregon Housing and Community Services to provide these resources for the bond and 4% programs; thereby, maximizing all the resources available, not only for preservation, but all affordable housing developments.

If there is any further information or questions you may have, please don't hesitate to contact us.

Sincerely,

Shelly Cullin  
Director of Development

Doug Chrisman  
President